GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:865
ANSWERED ON:17.08.2007
AUDITOR SELECTION PROCESS IN PUBLIC SECTOR BANKS
Mehta Shri Bhubneshwar Prasad

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to prepare a new policy regarding selection of auditors in the public sector banks; and

(b) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) : For providing greater operational flexibility to the Public Sector Banks (PSBs) in transacting business more efficiently for being globally competitive, Government has announced an Autonomy Package for them on 22.02.2005. In order to grant further autonomy and, after consultation with RBI, PSBs were given the following options to appoint Statutory Central Auditors (SCAs) and Branch Auditors:-

(i) PSBs may obtain the names of SCAs and Branch Auditors directly from the Comptroller & Auditor General of India (C&AG) and Institute of Chartered Accountants of India (ICAI) respectively and appoint them with the prior approval of RBI.

OR

(ii) The present practice may be followed and RBI may appoint them in consultation with Government of India.

None of the nationalized banks opted to exercise the aforesaid autonomy given to them for audit for the period 2006-07.

There is no proposal under consideration of the Government to amend this procedure.